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United States of America

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,
Plaintiff,
vs.
AMIR HECHTER,
Defendant.

Case No.: 14CR 2701-BEN

INFORMATION

The United States Attorney charges, at all times material:

SECONDARY MORTGAGE MARKET FRAMEWORK

1. In the United States, residential mortgage lenders typically sell the loans they originate to third-party investors, to the Federal National Mortgage Association (known as "Fannie Mae"), or to the Federal Home Loan Mortgage Corporation (known as "Freddie Mac"). By selling these loans, lenders reduce their credit risk and gain access to additional capital, which in turn provides borrowers with greater access to mortgage loans. This secondary mortgage market exceeds \$10 trillion, and is essential to the healthy functioning of the American housing market and the American economy.

1 2. Secondary mortgage purchasers often combine the loans they
2 purchase into what is known as collateralized mortgage obligations
3 ("CMOs") or residential mortgage-backed securities ("RMBSs"). CMOs
4 and RMBSs are then typically re-sold to institutional investors such
5 as pension funds and insurance companies. These products are then
6 also often combined into ever-more complex collateralized debt
7 obligations ("CDOs"), which may include other types of debt
8 obligations such as corporate loans.

9 3. This form of mortgage securitization provides increased
10 capital because the risk of default is, in theory, greatly reduced by
11 the aggregation of large numbers of mortgage loans, allowing even
12 high-risk individual loans to be categorized as "safe" investments
13 when they are pooled together.

14 4. As a result of the secondary market for mortgages, the
15 connection between borrowers and lenders has weakened, as loan
16 originators no longer have a direct stake in ensuring that individual
17 borrowers can repay their loans. As a result, secondary purchasers,
18 who bear the risk of default, heavily influence lending standards.
19 As mortgage loans are re-packaged and securitized, collateralized,
20 and re-sold into products seen as "safe" investments, those lending
21 standards deteriorate. The resulting complexity of mortgage
22 securities products, the lack of regulation and ratings standards,
23 and the abundance of credit availability are often cited as the
24 causes of the financial collapse of 2008.

25 BACKGROUND ALLEGATIONS

26 5. Beginning in approximately 2004, Defendant AMIR HECHTER's
27 brother, I.H., operated several San Diego businesses, including Blue
28 View (which I.H. operated with a partner and the company's owner),

1 Ocean 18, LLC, Note Tracker Corp., Nationwide Servicing Center, and
2 Instant Mortgage Lending. I.H. operated these businesses along with
3 his brother, AMIR HECHTER, and his business associates, J.P. and J.C.

4 6. Through these businesses, I.H. participated in the
5 secondary mortgage market. I.H. purchased primarily distressed and
6 non-performing mortgages from primary lenders, and serviced the loans
7 by collecting payments from borrowers.

8 7. In addition to purchasing and servicing loans, I.H. pooled
9 these loans and sold shares of the pools to investors, primarily
10 friends and family, including AMIR HECHTER, their father Z.H., and
11 J.P. The investors would collect returns when borrowers made monthly
12 payments, paid off their mortgage loans, or after foreclosure on the
13 real property collateral.

14 8. AMIR HECHTER began participating as an investor in I.H.'s
15 companies in approximately 2004. At that time, AMIR HECHTER began to
16 work for I.H. servicing loans. In approximately 2006, AMIR HECHTER
17 moved to California to work with I.H. in his San Diego offices. In
18 approximately July 2012, AMIR HECHTER left his employment with I.H.'s
19 companies, and stopped investing further in the companies' loan
20 pools.

21 9. I.H. and his companies purchased mortgage notes from, among
22 other lenders, J.P. Morgan Chase ("Chase," also known as Bank One),
23 National City Bank ("National City"), and GMAC Mortgage, LLC ("GMAC,"
24 now known as Ally Bank). Chase, National City, and GMAC were all
25 financial institutions insured by the Federal Deposit Insurance
26 Corporation.

27 10. L.S. worked at Chase in the Residential Loan Department.
28 As part of her job, L.S. sold mortgage loans, including distressed or

1 non-performing second mortgages, to third-party investors, including
2 I.H. Chase sold the notes to the highest qualified bidder after
3 distributing lists of the loans offered for sale.

4 11. E.J. worked at National City. As part of her job, E.J.
5 sold mortgage loans, including distressed or non-performing second
6 mortgages, to third-party investors, including I.H.

7 12. Robert Moreno ("Moreno") (charged elsewhere) worked at GMAC
8 as a Market Manager. As part of his job, Moreno sold mortgage loans,
9 including distressed or non-performing second mortgages, to third-
10 party investors, including I.H. GMAC sold the notes to the highest
11 qualified bidder after distributing lists of the loans offered for
12 sale.

13
14 COUNT ONE

15 18 U.S.C. § 371

16 (CONSPIRACY)

17 13. Paragraphs 1 through 12 are realleged and incorporated by
18 reference herein.

19 14. Beginning in or around 2004, and continuing through at
20 least in or around July 2012, in the Southern District of California
21 and elsewhere, defendant AMIR HECHTER knowingly and intentionally
22 joined a conspiracy with I.H. and others to commit Bank Bribery (in
23 violation of Title 18, United States Code, Section 215) and Tax
24 Evasion (in violation of Title 26, United States Code, Section 7201),
25 knowing that at least one object of the conspiracy was to commit Bank
26 Bribery.

1 Purpose of the Conspiracy

2 15. It was the purpose of the conspiracy that AMIR HECHTER,
3 I.H., and others would corruptly pay hundreds of thousands of dollars
4 in bribes to L.S., E.J., and Moreno (hereinafter together, "the
5 bankers"), which were paid in cash and otherwise concealed from the
6 Internal Revenue Service ("IRS") to assist the bankers in evading
7 federal income taxes on the illicit income, and, in return, the
8 bankers would use their influence at the banks where they worked to
9 ensure that I.H.'s bids to purchase mortgage loans were accepted.

10 Manner and Means of the Conspiracy

11 16. To further the conspiracy, AMIR HECHTER, I.H., and others
12 utilized the following manner and means, among others:

13 a. The bankers would use their positions at the banks
14 where they worked to ensure that I.H.'s bids were accepted.
15 Among other things, the bankers would alter bids, reject bids,
16 and erase or ignore bids from qualified competitors, and would
17 provide I.H. inside information about prices and competing bids.

18 b. In return, the bankers would corruptly accept hundreds
19 of thousands of dollars in bribe payments from I.H. and his
20 associates, including AMIR HECHTER, J.P., and Z.H.

21 c. I.H. and others would arrange to pay the bankers by
22 personal check, in hand-delivered cash payments, and through
23 other methods designed to conceal the payments and to avoid
24 reporting the payments to the IRS.

25 Overt Acts

26 17. In furtherance of this conspiracy, and to carry out its
27 objects, the following overt acts, among others, were committed
28 within the Southern District of California and elsewhere:

1 a. In or around 2004, I.H. told AMIR HECHTER that he had
2 agreed with L.S. to pay bribes to L.S. in exchange for her
3 assistance ensuring that I.H.'s bids to purchase loans from
4 Chase were accepted.

5 b. In or around 2004, AMIR HECHTER invested money in
6 pools of mortgages purchased from Chase, and knowingly
7 reimbursed I.H. for a portion of the bribes paid to L.S.

8 c. In or around 2008, I.H. told AMIR HECHTER that he had
9 agreed with E.J. to pay bribes to E.J. in exchange for her
10 assistance ensuring that I.H.'s bids to purchase loans from
11 National City were accepted.

12 d. In or around 2008, AMIR HECHTER invested money in
13 pools of mortgages purchased from National City, and knowingly
14 reimbursed I.H. for a portion of the bribes paid to E.J.

15 e. In or around late 2011, I.H. told AMIR HECHTER that he
16 had agreed with Moreno to pay bribes to Moreno in exchange for
17 his assistance ensuring that I.H.'s bids to purchase loans from
18 GMAC were accepted.

19 f. In or around late 2011, AMIR HECHTER invested money in
20 pools of mortgages purchased from GMAC, and knowingly reimbursed
21 I.H. for a portion of the bribes paid to Moreno.

22 g. In or around March 2012, I.H. asked AMIR HECHTER to
23 write a personal check to Moreno, as payment for some of the
24 loans I.H. purchased from GMAC. AMIR HECHTER agreed.

25 h. On or about March 7, 2012, AMIR HECHTER wrote a
26 personal check for \$50,000 to Moreno, drawn on AMIR HECHTER's
27 personal bank account.
28

1 i. On or about March 28, 2012, AMIR HECHTER wrote a
2 personal check for \$5,000 to Moreno, drawn on AMIR HECHTER's
3 personal bank account.

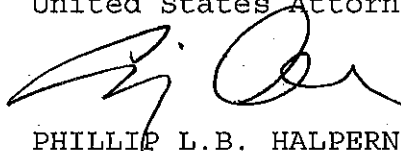
4 j. On or about April 16, 2012, AMIR HECHTER wrote a
5 personal check for \$7,000 to Moreno, drawn on AMIR HECHTER's
6 personal bank account.

7
8 All in violation of Title 18, United States Code, Section 371.

9
10 DATED:

9/19/2014

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